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August 1, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

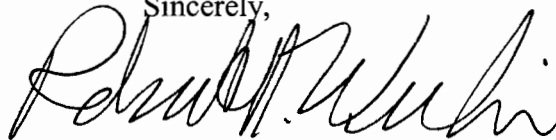
Re: NSTAR Electric Company, D.T.E. 06-40

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosures

cc: Service List

Responses to Information Requests

AG-2-3
AG-5-10
AG-5-12
CLC-1-31
MIT-2-11
RESA-1-2

Information Request AG-2-3

Please provide copies of all contracts between the Companies and customers (wholesale and retail) for services that include transmission services. Provide the original contracts and all amendments.

Response (Supplemental)

[BULK ATTACHMENTS]

The Companies are hereby supplementing the initial response to this information request with the following attachments:

<u>Attachment</u>	<u>Company</u>	<u>Customer</u>	<u>Type of Agreement</u>
AG-2-3 (af1 & af2)	Cambridge	Mirant Kendall, LLC	IA and OATT service agreement
AG-2-3 (ag)	Commonwealth	Entergy Nuclear Generation Company (Transmission & Distribution)	Facilities Support Agreement
AG-2-3 (ah1 & ah2)	BECo/Commonwealth	Commonwealth/BECo, New England Power Company ("NEP")(Line 342 & 335) (345 kV AFC)	Facilities Support Agreement
AG-2-3 (ai1 & ai2)	BECo	Massachusetts Bay Transportation Authority ("MBTA")	IA and OATT service agreement
AG-2-3 (aj1 & aj2)	BECo	Wellesley Municipal Light Plant	Transmission Services Agreement and OATT service agreement

Additionally, NSTAR Electric notes that an incorrect attachment was included in the initial response to this information request. Please substitute Attachment AG-2-3(j1) (Replacement) for the incorrect document.

The Companies are continuing to review their files for the requested contracts and will supplement this response if other contracts are located.

Information Request AG-5-10

Refer to the response to AG-4-2. Please provide estimates of capital spending for the years 2006 through 2010. For Cambridge, separately identify the 13.8kV related spending estimates. If the Company does not have capital spending estimates, explain why.

Response

Please refer to Attachment AG-4-2(c) for the capital spending budget for the 13.8 kV-related projects for year 2006.

As stated in the response to AG-4-2, NSTAR Electric has not prepared any detailed capital spending budget for the years 2007 through 2010. Capital spending budgets are typically prepared in advance for the next budget year. Planning is currently underway for the 2007 capital spending budget. NSTAR does prepare estimates of total capital expenditures at an aggregated level, which includes all NSTAR companies. NSTAR currently forecasts plant expenditures from 2007 to 2010 to be approximately \$1.2 billion in aggregate.¹ The forecast does not identify separately Cambridge 13.8 kV facilities.

¹

See NSTAR Form 10-K for the year ended December 31, 2005, page 40.

Information Request AG-5-12

Refer to Exhibit NSTAR-CLV-1, page 25, lines 10-12. Given that there would be an annually declining rate base under the proposed transmission tariff treatment of Cambridge's 13.8kV system, please explain and illustrate how the Company will ". . . ensure that neither NSTAR Electric nor customers receives or pays more than they otherwise would have."

Response

NSTAR Electric disagrees with the premise of the question, i.e., that rate base will be "declining". Cambridge has not forecasted the rate base for the 13.8 kV system under the medium or long term and has certainly not stated that the rate base will be annually declining. The future level of rate base would be based on the interaction between the depreciation of existing rate base and future capital additions.

Additionally, the proposal is to shift cost recovery of the 13.8 kV facilities at the time those facilities are reclassified as distribution. This is a revenue-neutral adjustment that keeps both Cambridge and its customers whole, neither gaining nor losing, by transferring the base revenues from transmission to distribution at the levels that they actually are at the time of the transfer. Anything other approach would lead to over- or under-recovery by either the customers or shareholders.

Information Request CLC-1-31

Please identify all deferral credits due or potentially due to customers following the proposed merger but arising from deferrals prior to the merger. For any such credits, please explain how such credits will be allocated.

Response

Several of NSTAR Electric's rate elements require the reconciliation of costs and revenues that require the deferral of under- or overcollections. Overcollections are subsequently returned (credited) to customers and undercollections are paid by customers. The five these reconciling rates that will likely have some positive or negative balance when the merger is consummated are: (1) transition charges; (2) transmission charges; (3) Basic Service rates; (4) the Pension Adjustment Factor; and (5) the Basic Service Adder.

There is no change in the methodology for collecting and reconciling transition charges resulting from the merger.

The deferral balances pertaining to transmission and Basic Service rates (over/under collection) that exist at year end 2006 for each company will be included as separate reconciliation adjustments assigned to the specific company from which the deferral originated. This will be a one-time event to clear the 2006 transmission deferral balances. Similarly the Basic Service deferrals for 2006 will be recovered in separate default service adjustment rates for 2007 only. After the merger takes effect, the deferral balances for transmission and Basic Service rates at year end 2007, if any, will be included as reconciling adjustments applicable to the corresponding merged NSTAR Electric rates.

The deferral balances associated with the Basic Service Adder, and Pension Adjustment Factor rates (over/under collection) that exist at year end 2006 are likely to be relatively small and will be aggregated across the three companies. The combined deferrals for each rate will be included as reconciliation adjustments applicable to the corresponding merged NSTAR Electric rates.

Information Request MIT-2-11

Please refer to the June 30, 2006 response to D.T.E. 1-19. In that response, NSTAR states that the amount transferred from transmission to distribution will be based on forecasted data and subject to reconciliation to be included in 2008. Please identify the statutory authority which would allow the Department to allow distribution rates based on forecasted data and subject to later refund in this manner.

Response

The question asked is inherently legal in nature and, as such, NSTAR Electric is not obligated as a matter of discovery to provide legal research and legal opinion in response. Accordingly, NSTAR Electric objects to the information request. Without limiting the generality of the foregoing and without waiving its objection, NSTAR Electric notes that the Department's statutory authority to establish rates, including NSTAR Electric's ratemaking proposal with regard to the transfer of Cambridge's 13.8 kV facilities, is set forth in G.L. c. 164, § 94, and the Department's general supervisory powers under G.L. c. 164, § 76. G.L. c. 164, § 94 does not specify any particular ratemaking formula, and the Supreme Judicial Court has consistently determined that the Department has "broad authority to determine ratemaking matters in the public interest." Massachusetts Inst. of Tech. v. Department of Pub. Utils., 425 Mass. 856, 868 (1997) (citations omitted). Under this authority, the Department has approved reconciling mechanisms for a variety of different cost components including fuel charges, costs of gas adjustment clauses, local distribution adjustment clauses and residential adjustment clauses. See, e.g., Low-Income Discount Participation Rate, D.T.E. 01-106-C/D.T.E. 05-55/D.T.E. 05-56 (2005); Consumers Org. for Fair Energy Equality, Inc. v. Department of Pub. Utils., 368 Mass. 599 (1975).

Information Request RESA-1-2

Refer to Exhibit NSTAR-CLV-4. Please provide all available year to date information regarding real-time locational marginal pricing in NEMA and SEMA, respectively, on a monthly, load-weighted average basis.

Response

Please refer to Attachment RESA-1-2, which provides the year-to-date information regarding real-time locational marginal pricing in NEMA and SEMA, respectively, on a monthly, load-weighted average basis.

**NEMA and SEMA Real Time Locational Marginal Pricing (LMP)
Year 2006 to Date
Monthly Load Weighted Data**

	NEMA 2006	SEMA 2006	Difference 2006	Percentage Difference
<u>Real Time</u>				
January	67.76	67.99	-0.23	-0.3%
February	65.18	65.46	-0.28	-0.4%
March	62.87	63.41	-0.54	-0.9%
April	62.55	62.45	0.1	0.2%
May	69.84	57.11	12.73	18.2%
June	60.67	54.65	6.02	9.9%
July				
August				
September				
October				
November				
December				
Average (6 months)				4.4%